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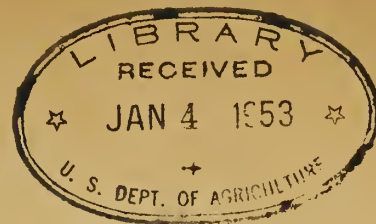
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2 U.S. WAR FOOD ADMINISTRATION ,
2a Office of Distribution //
5a Washington) 25, D. C.



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SELLING GOVERNMENT-OWNED FOOD STOCKS //

Food released from Government-owned stocks for the civilian trade is being offered for sale in various ways. It is considered improbable that any single procedure can be devised to govern all cases. Nor does the fact that a procedure has been or is now being followed mean that it will be followed in all future instances. The nature and quantity of the commodity, its location and condition, and the state of the market are factors to be considered in determining which one of several methods of disposition should be employed. Accordingly, any statement of policy concerning the sale or disposition of Government-owned food commodities should take full account of all qualifying circumstances.

During this period of relatively short supply it has been found practicable in some instances to offer the commodity first to the original vendor or processor at ceiling prices less the usual trade discounts and reasonable allowances for relabeling, repackaging, etc.

Any remaining quantity is then offered on the same terms to all processors of the commodity.

In both instances the offers are made directly to the respective processors or vendors ^{and} information that such an offer is being made is promptly released to the trade and the public.

Two things may be said of this procedure. First, it seeks to utilize the normal distributive facilities of industry in returning the commodity to civilian markets. Secondly, the degree of achievement is a measure of industry's recognition and acceptance of its own obligation in getting the commodity back into civilian channels with a minimum of shock to industry.

Sales can be made, and are on occasions being made through the services of established food brokers. Here, again, distribution is through the normal channels of an accepted trade factor.

There are occasions when it is considered expedient to adopt other methods of disposition. The product may be so out-of-condition that it cannot be offered in its present form for sale into civilian trade channels. It may, however, be possible to recondition or use it in the

making of another product. In such instances, the offer is made to the industry that can use the commodity. The sale may be by negotiations directly with representatives of the industry or on the basis of competitive bids.

The same procedure may be followed in the case of the sale of small lots or out-of-position lots.

It may be proper in these instances to limit bids or negotiations for a commodity to a certain area or to definite trade groups, depending upon the circumstances of the particular case.

In the case of quantities of certain foods such as potatoes purchased under the Price Support Program, an offer of sale back to the original producer is, of course, out of the question. If supplies are in excess of needs for human consumption, certain commodities are converted into industrial uses. Other quantities may be held and offered for sale later when needed to meet deficiencies in the regular supply.

It is important, then, to keep in mind that a sales procedure must of necessity be kept flexible. Any method of sale is best judged by its observance of these objectives.

- (1) Prompt and orderly movement into civilian trade channels of foods released from Government-owned stocks.
- (2) As little disruption of established markets as possible.
- (3) Protection of the Government's investment in the food.
- (4) Full information, and adequate notice to all interested trade factors.

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